

Strength in Integration



Corporate Overview

June 2002



MAGELLAN
AEROSPACE CORPORATION

Presentation and Discussion Agenda

- Introduction to Magellan
- Capabilities
- Products
- Markets
- Operations Performance
- Financial Performance in 2001
- Business Environment
- Magellan Going Forward



MAGELLAN
AEROSPACE CORPORATION

Strength in Diversity of

Capabilities Products Markets

OPERATING FACILITIES

Total Employees 2,940



MAGELLAN
AEROSPACE CORPORATION

Leadership

- Business Units responsible to optimize performance
- Comprehensive Monthly Reporting to plan
- On-site interaction to address strategic changes on operating issues

CONTROL

- Major Capital Expenditures
- Tax / Legal
- Strategic Marketing
- Treasury
- Pension
- Benefits

REVIEW AND APPROVE

- Salary Planning
- Labour Contracts
- Incentive Compensation
- Operation Plans
- Corporate Marketing
- Corporate Human Resources
- Other Legal Issues



CORPORATE PHILOSOPHIES cont'd

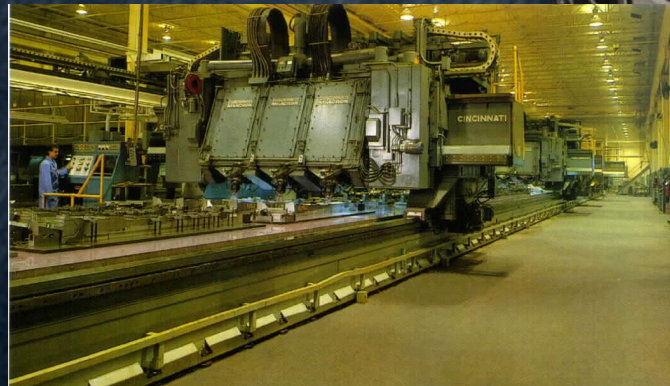
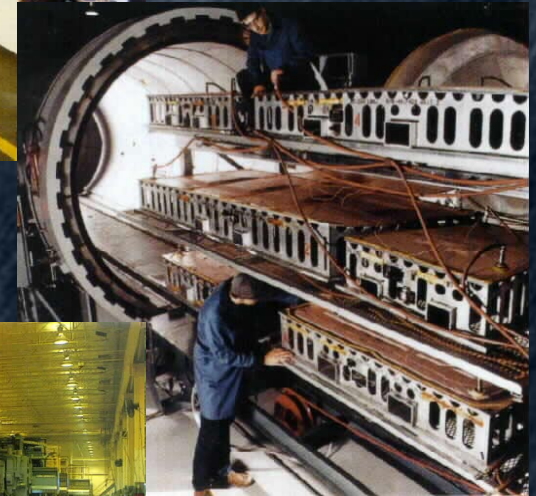
Strategies

- Provide excellent customer service and support
- Invest to achieve either cost or market improvement
- Focus each Business Unit on its core competency and combine units to offer Integrated Packages in the marketplace
- Take core competency into other sectors
- Create synergies and administrative savings through consolidation and combined activities
- Employ Lean Operations processes and Six Sigma techniques
- Continuously plan, implement, measure and improve



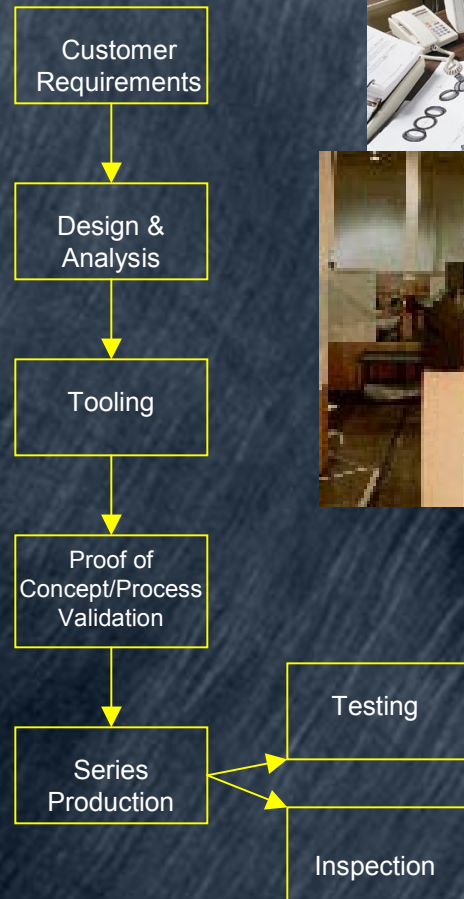
MANUFACTURING CAPABILITIES

- Facilities in place for High Rate Production in all locations
- Material Controls providing visibility to satisfy customer delivery needs
- Quality Systems compliant with all Customer and International Specs
- Cellular Manufacturing used in key areas utilizing Kaizen, KanBan and Lean Manufacturing Systems
- Six Sigma & Lean deployed across the corporation
- Plants have adopted “5 S” practices



ENGINEERING CAPABILITIES

- Large Staff expert in turning customer requirement into a finished product
- CAD/CAM/CAE Software Fluency
 - Unigraphics, Catia, AutoCAD, Autotrol, Pro E, Cadra, Vericut, Optimization, Robcad, Icam, Solid Edge, Smartcam, Orcad, Ideas, Matlab, Model Sim, Nastran/Patran, Matrix X, Advanced Aircraft Analysis
- Development / Prototyping capabilities on both Engine and Structures Components
- Capable of certifying to Transport Canada, FAA and JAA requirements



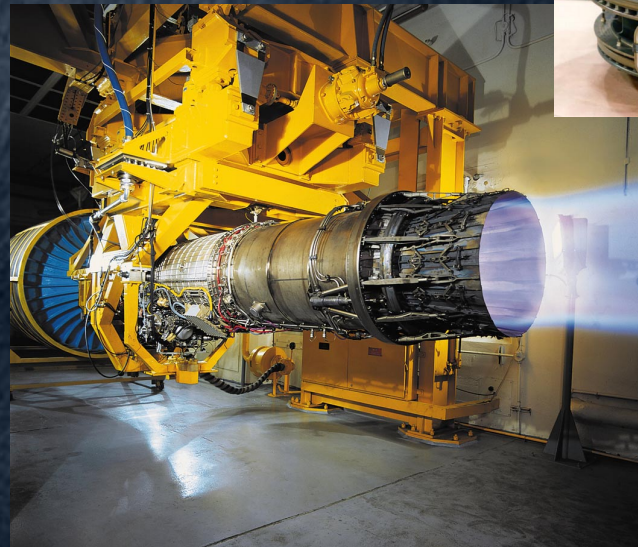
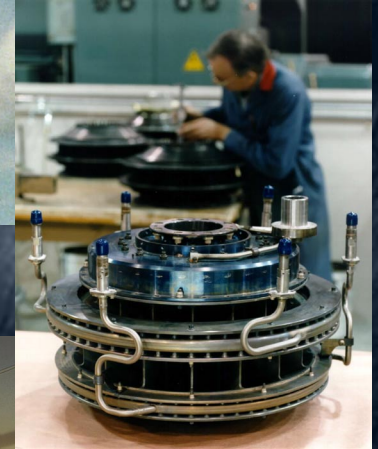
Capabilities Products Markets



MAGELLAN
AEROSPACE CORPORATION

REPAIR & OVERHAUL CAPABILITIES

- Component Repair for Engines and Key Airframe Structural Parts
- Can Design, Develop and Certify Repair Schemes
- Capabilities include all traditional Repairs, Plasma Treatment, Fluoride Ion Cleaning, Electron Beam Welding, State-of-the-Art Coatings and Test Cells
- Deliver MRO direct to major civil & defence users



MAGELLAN
AEROSPACE CORPORATION

PRODUCTS TYPICAL STRUCTURES

Strength in Diversity of

Capabilities Products Markets



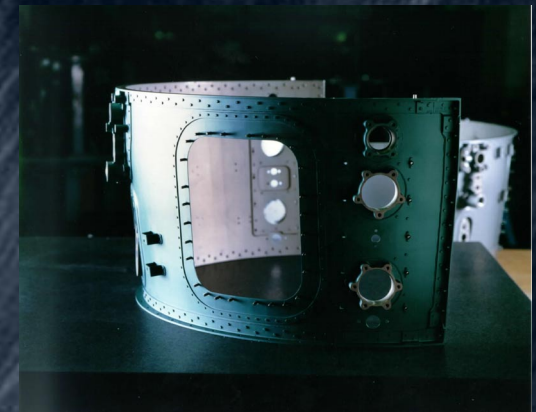
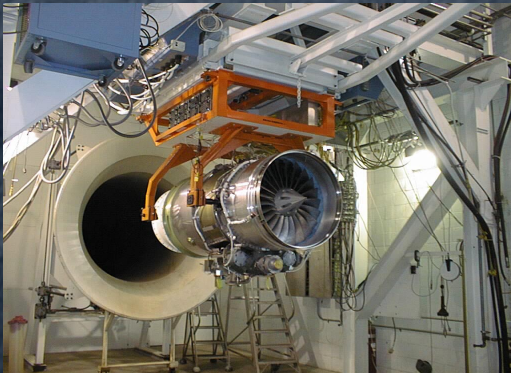
MAGELLAN
AEROSPACE CORPORATION

PRODUCTS

TYPICAL ENGINE PARTS

Strength in Diversity of

Capabilities Products Markets



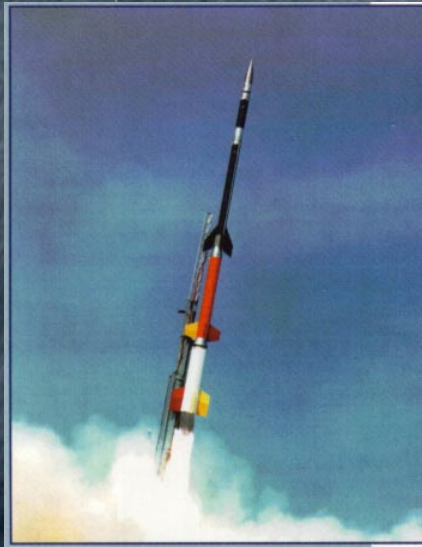
 **MAGELLAN**
AEROSPACE CORPORATION

PRODUCTS

PROPRIETARY PRODUCTS

Strength in Diversity of

Capabilities Products Markets



◀ Black Brant Sounding Rocket



△ Signature Modification,
WSPS, Rocket Systems



△ OE 600 Recip Engine



△ OT Industrial Power Generation Set



△ Gyro Wheel Satellite ACS Subsystem



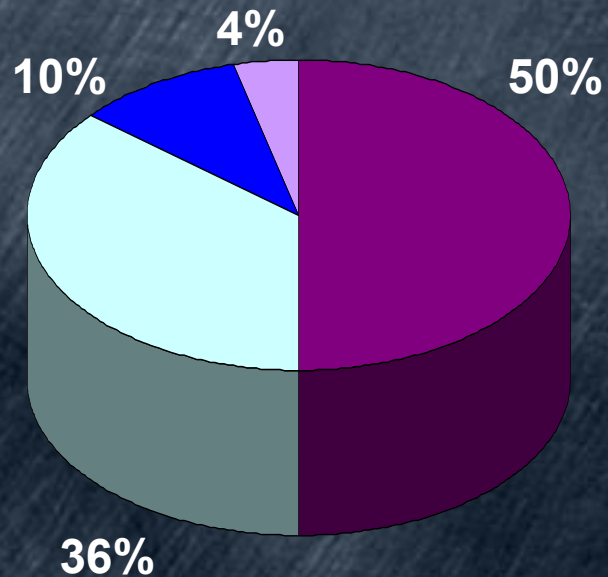
MAGELLAN
AEROSPACE CORPORATION

MARKETS PRODUCT ANALYSIS

Strength in Diversity of

Capabilities Products Markets

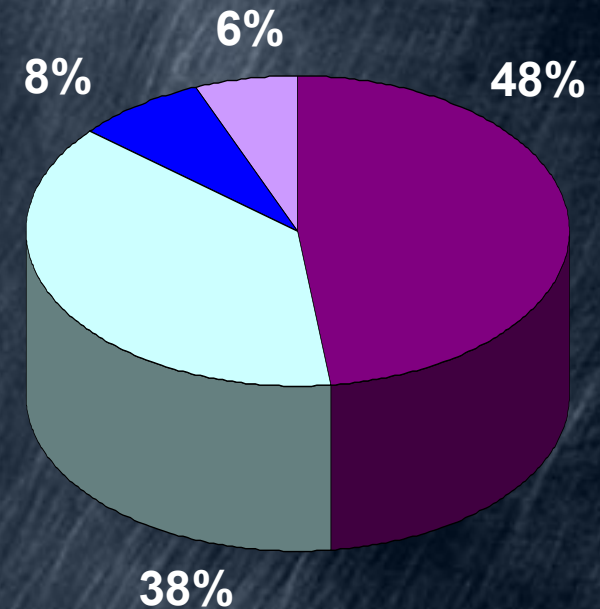
2000



 AEROSTRUCTURES

 ROCKETS & SPACE

2001



 AEROENGINES

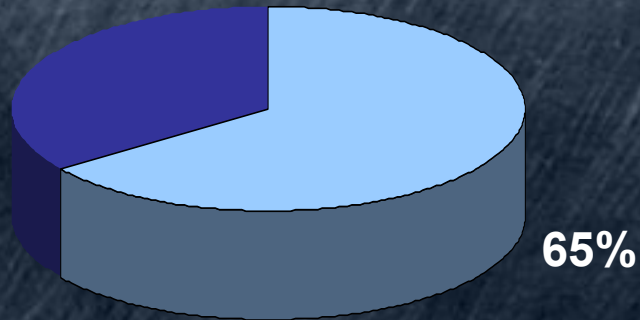
 SPECIALTY PRODUCTS



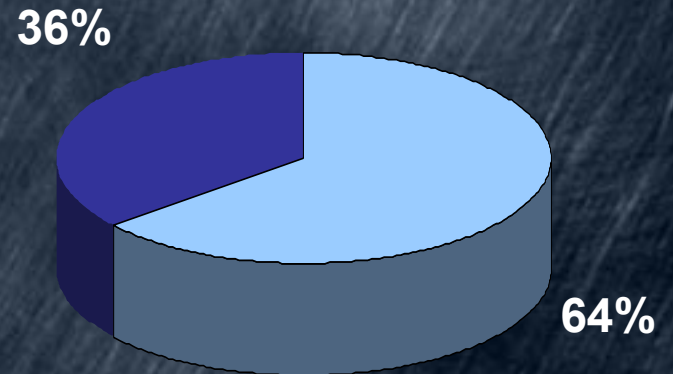
MAGELLAN
AEROSPACE CORPORATION

MARKETS DEFENCE/COMMERCIAL SPLIT

2000



2001



DEFENCE

CIVIL



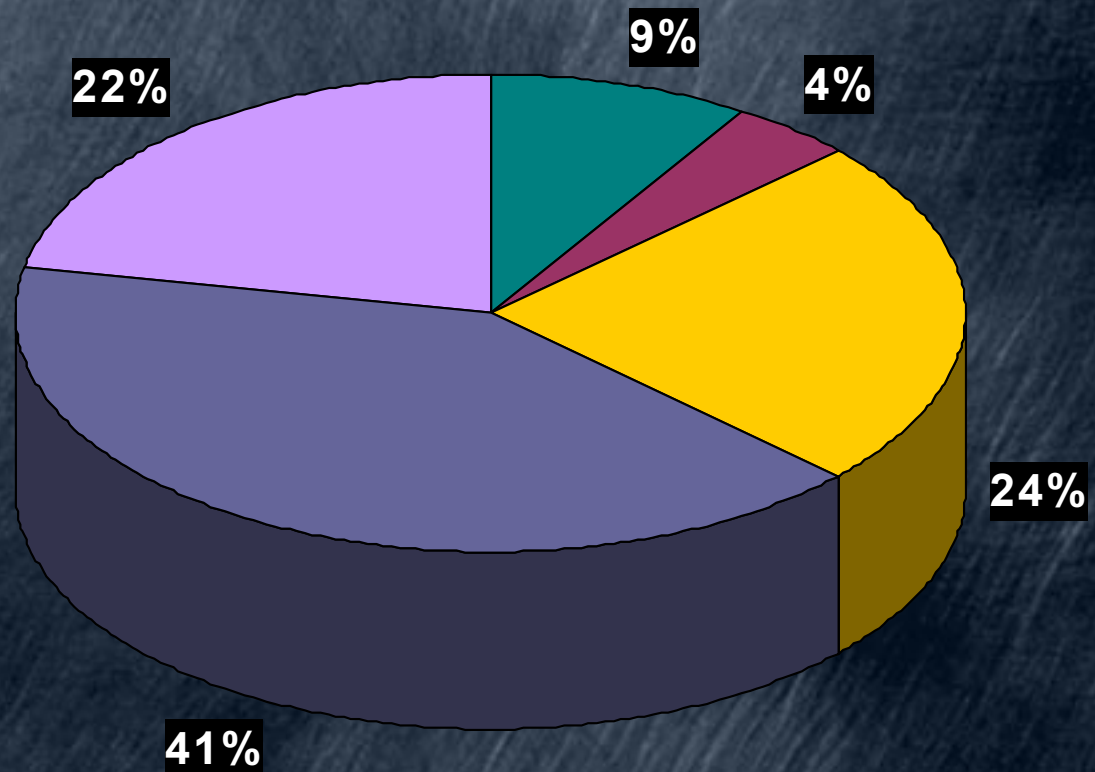
MAGELLAN
AEROSPACE CORPORATION

MARKETS COMMERCIAL AIRCRAFT SALES DISTRIBUTION

Strength in Diversity of

Capabilities Products Markets

- Sales to many applications
- Largest portion to strongest market segment



Business Jet

RJ less than 111 seats

Twin Aisle

Turboprops

Single Aisle



MAGELLAN
AEROSPACE CORPORATION

Operations Performance 2001

Pre-Sept 11th

- Economic slowdown
- Declining aircraft delivery rates
- Declining revenue

Sept 11th and Aftermath

- Immediate impact
- Short-mid term:
 - Airline buying down
 - 2000 aircraft parked
 - Reduced volumes



MAGELLAN
AEROSPACE CORPORATION

Operations Performance 2001

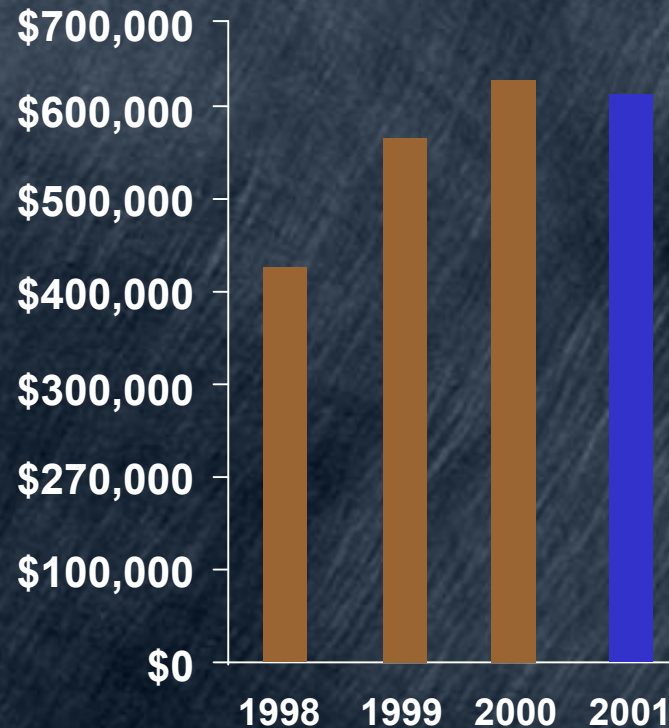
- Absorbed costs of short-term disruptions
- Took actions to control all costs
- Reduced employment by 20%
- Gained new work in defence & civil aviation
- Invested strategically to upgrade production and product opportunities
- Positioned for recovery



MAGELLAN
AEROSPACE CORPORATION

Financial Performance 2001 Income Statement

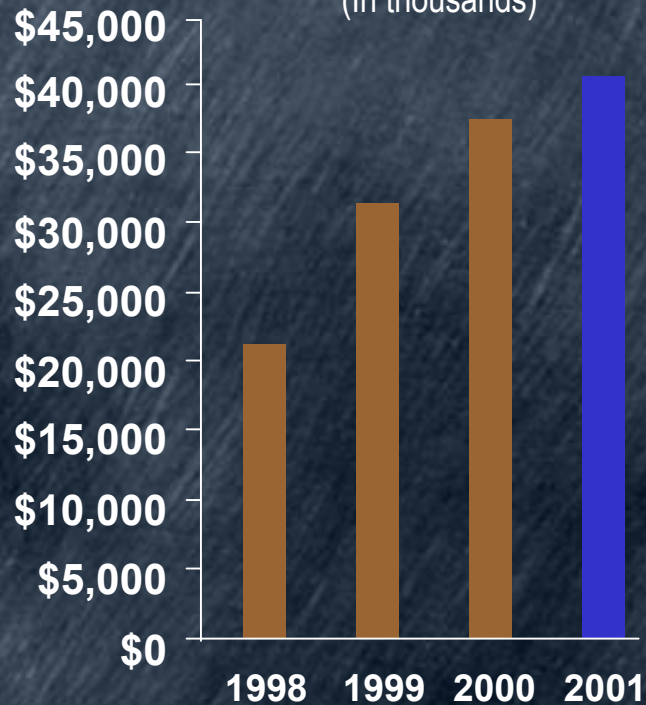
Revenues (In thousands)



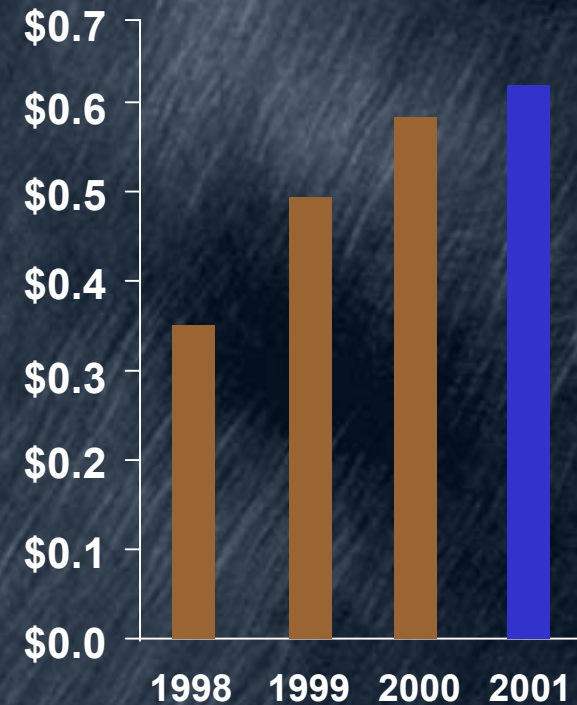
Financial Performance 2001 Income Statement

Net Income

(In thousands)



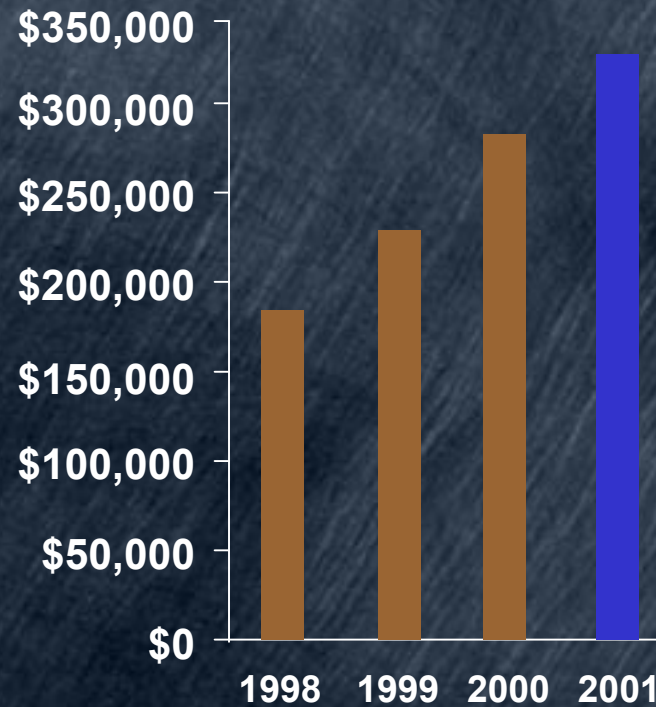
EPS



MAGELLAN
AEROSPACE CORPORATION

Financial Performance 2001 Balance Sheet

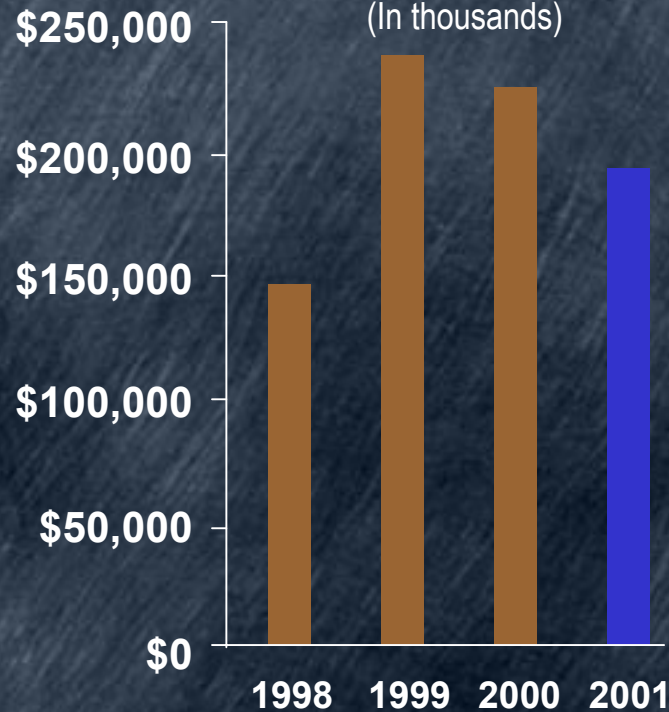
Shareholders Equity (In thousands)



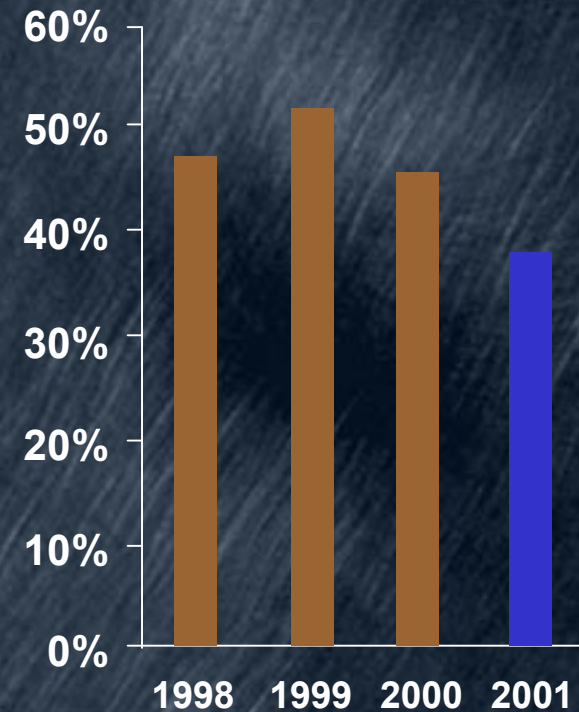
Financial Performance 2001 Balance Sheet

Total Debt

(In thousands)



Debt: Capital



MAGELLAN
AEROSPACE CORPORATION

Financial Performance 2001 Summary

- Lower Revenues due to general economic slowdown and events of September 11
- Net Income improvement
- Debt:Capital ratio improved
- Balance Sheet strengthened

Business Environment

- Caution: airline results still a concern
- Military aircraft usage rates continue to be high
- Regional Jet use is holding
- Low cost carriers have increased fleets and market share
- Moderate increase in defence
- Industrial power market leveled out



MAGELLAN
AEROSPACE CORPORATION

Business Environment

Some specific indicators:

- Traffic at some key airports is near pre-September levels, lagging at others
- Load factors are high, but yields remain low
- Only 25% of parked aircraft will return to service
- European, Asian and American airlines have placed orders for new aircraft
- Boeing and Airbus projected delivery rates stable



MAGELLAN
AEROSPACE CORPORATION

Business Environment

For Magellan:

- A tough first half
- At or near bottom of cycle
- Defence sales stable/growing
- New business won in civil aviation



MAGELLAN
AEROSPACE CORPORATION

Magellan Going Forward

Operations

- Current Programs
- New Programs



MAGELLAN
AEROSPACE CORPORATION

Magellan Going Forward

Growth Strategy

- Organic growth
 - Cycle driven
 - Opportunity driven
 - Efficiency driven
- Non-organic
 - New areas of opportunity
 - Acquisitions



MAGELLAN
AEROSPACE CORPORATION

Magellan Going Forward Areas of Opportunities

Civil Aviation

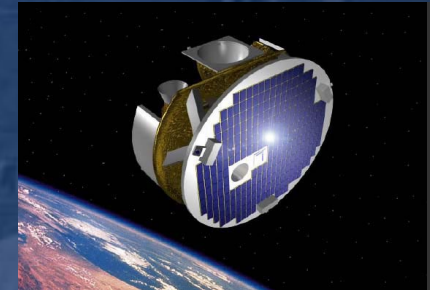
- Airbus A380
- Boeing Sonic Cruiser

Defence and Space

- Joint Strike Fighter
- Space Hardware

Industrial Power

- Alternative Fuels
- De-regulation

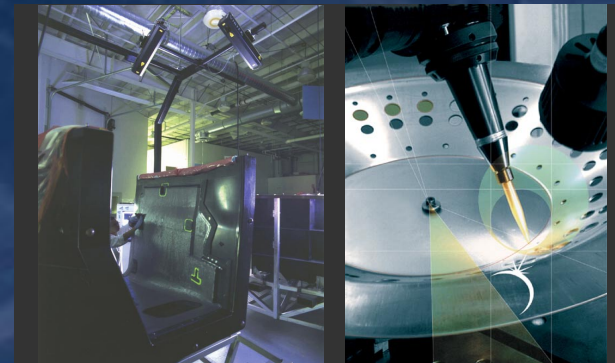


MAGELLAN
AEROSPACE CORPORATION

Magellan Going Forward Technology Development

Major Programs include key technologies:

- High Velocity Machining
- Composite Structures
- Metal Joining Techniques



MAGELLAN
AEROSPACE CORPORATION

Going Forward Summary

- Our Balance Sheet is strong
- Our Technology is up-to-date
- Our Customer Base is balanced
- Our Strategy is to grow
- The Economic Recovery is underway
- We are Positioned to take advantage



CONTACT INFORMATION

- William A. Matthews
Vice President, Marketing
Phone: (905) 677-1889 x-222
e-mail: bmatthew@magellanaerospace.com

Fax: (905) 677-5658

- Corporate Address:

Website:

Magellan Aerospace Corporation
3160 Derry Road East
Mississauga, Ontario, CANADA
L4T 1A9

www.magellanaerospace.com

Division Contacts:

- Frank Button
General Manager
Phone: (905) 673-3250 x-4040
e-mail: fbutton@orenda.com

Fax: (905) 678-1538

- Ieda Ching-Hawron
Marketing Specialist
Phone: (905) 673-3250 x-3382
information@orenda.com



MAGELLAN
AEROSPACE CORPORATION